

## CLAIMS

I claim:

- Sub. B >
- Sub. A 1. A method of conducting a lottery comprising the steps of:
- 2 (1) determining a jackpot for said lottery;
  - 3 (2) paying a first amount at a first payout time to all holders of a non-insured
  - 4 winning lottery ticket, said first amount less than said jackpot; and
  - 5 (3) paying a second amount at a second payout time to all holders of an insured
  - 6 winning lottery ticket, said second amount equal to or greater than said jackpot.
- 1 2. The method of claim 1 wherein said second payout time occurs immediately after
- 2 said insured winning lottery ticket is identified.
- 1 3. The method of claim 1 further including the steps of:
- 2 (1) offering a non-insured lottery ticket for sale at a first price; and
- 3 (2) offering an payout insured lottery ticket for sale at a second price, said second
- 4 price higher than said first price.
- 1 4. The method of claim 3 further including the steps of:
- Sub B 2 (1) offering a tax insured lottery ticket for sale at a third price, wherein said third
- 3 price is higher than said second price; and
- 4 (2) paying a third amount at said payout time to all holders of a tax insured
- 5 winning lottery ticket, said third amount substantially equal to said jackpot plus at least a
- 6 portion of the taxes payable on said jackpot.

1 5. The method of claim 4 further including the step of offering a payout insurance  
2 upgrade for sale at a first upgrade price to a purchaser of a non-insured lottery ticket, said  
3 payout insurance upgrade converting said non-insured lottery ticket to a payout insured  
4 lottery ticket, said payout insurance upgrade available for purchase until a cutoff time,  
5 said cutoff time prior to said payout time.

1 6. The method of claim 5 wherein said first upgrade price is equal to the difference  
2 between said first price and said second price.

1 7. The method of claim 5 further including the step of offering a tax insurance  
2 upgrade for sale at a second upgrade price to a purchaser of one of said payout insured  
3 lottery tickets, said tax insurance upgrade converting said payout insured lottery ticket to  
4 one of said tax insured lottery tickets, said tax insurance upgrade available for purchase  
5 until said cutoff time.

1 8. The method of claim 7 wherein said second upgrade price is equal to the  
2 difference between said second price and said third price.

1 9. The method of claim 7 wherein said tax insurance upgrade is also offered for sale  
2 at a third upgrade price to a purchaser of one of said non-insured lottery tickets.

1 10. The method of claim 9 wherein said third upgrade price is equal to the difference  
2 between said first price and said third price.

- 1 11. A method of conducting a lottery comprising the steps of:
  - 2 (1) determining a cutoff point for said lottery, said cutoff point comprising a prize
  - 3 value amount separating a large payout amount from a small payout amount, wherein said
  - 4 large payout amount is an amount ordinarily available in full only by way of payments
  - 5 paid during a payment period lasting longer than one year, and wherein said small payout
  - 6 amount is an amount ordinarily available in full in a single lump sum payment;
  - 7 (2) immediately paying in full said small payout amount to a winner of said small
  - 8 payout amount;
  - 9 (3) immediately paying in full at least said large payout amount to a winner of
  - 10 said large payout amount provided said winner of said large payout amount purchased
  - 11 insurance for said lottery.
  
- 1 12. The method of claim 11 wherein said insurance may be one or both of payout
- 2 insurance and tax insurance.

1 13. A method of conducting a lottery comprising the steps of:  
2 (1) distributing lottery tickets to lottery participants, said tickets including insured  
3 tickets and non-insured tickets;  
4 (2) determining whether a particular ticket is a paying ticket;  
5 (3) immediately paying at least a full award amount if the paying ticket is insured,  
6 regardless of the award amount; and  
7 (4) immediately paying less than a full portion of the award if the paying ticket is  
8 non-insured and the award amount is greater than a predetermined amount.

1 14. The method of claim 13 wherein full award amount is paid regardless of the  
2 number of participants in said lottery.

1 15. The method of claim 13 wherein the at least a full award amount further includes  
2 an amount equal to at least a portion of the taxes payable on said full award amount.

Sub 17  
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16. A method of conducting a lottery comprising the step of immediately paying in full to the holder of an insured paying lottery ticket any prize said insured paying lottery ticket is entitled to, without regard for the amount of said prize.

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